DEPARTMENT OF FISHERIES

ANNUAL REPORT
1986/87

HONOURABLE T. RIDEOUT
Minister of Fisheries

DEPARTMENT OF FISHERIES

ANNUAL REPORT: 1986-1987

PLANNING SERVICES DIVISION

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1.0 OVERVIEW OF THE 1986 FISHERY

In 1986, 493,845 tonnes of commercial seafish were landed in Newfoundland with a total value of $197,581,000. Groundfish accounted for approximately 77% of the total landed weight and approximately 70% of the total landed value. Pelagics and other fin fish accounted for 19% of total landed weight and 15% of total landed value. Shellfish made up 4% of total landings and accounted for 15% of total landed value.

There were 13,424 licensed full-time fishermen and 13,663 part-time fishermen employed in the harvesting sector in 1986. In general, the inshore fishery enjoyed a very successful year as a result of the increase in both volume and value of landings over previous years. However, many inshore fishermen, especially along the Northeast coast, experienced low landings of groundfish throughout much of 1986.

The offshore sector experienced a favourable year as well. An additional 4,500 tonnes of cod were landed over 1985 and the total groundfish landings for the year were increased. The success of the year was demonstrated by Fishery Products International Limited who ended the year showing profits in excess of $40 million; National Sea Products Limited also realized increased profits. All indicators point to continued stability of the offshore sector for the foreseeable future.

In the pelagic fishery there was significant improvement in 1986 due to a sucessful capelin fishery. The total landed weight of capelin was 68,000 tonnes - double that of the previous year. The total export value of Newfoundland capelin sales was approximately $75 million. The excellent capelin fishery was attributed largely to a downturn in the 1986 Norwegian capelin fishery. This resulted in Newfoundland gaining a larger share of the Japanese market.

The Newfoundland and Labrador fish processing industry provided approximately 9,600 person years of employment on an annual coverage basis; however, over 25,000 people were listed on the payroll of fish processing plants throughout the Province. This clearly indicates the seasonality of many of these jobs. In 1986, there were 221 registered processing plants active in Newfoundland and Labrador. The majority of these plants, approximately 207, were supplied with raw material by the inshore fishery and, to a lesser extent, by the midshore fishery. Of the remaining 13 plants, ten were supplied almost exclusively by the offshore fleets, while 3 were dependent on fish supplied by both the offshore and inshore fishery. Although the main emphasis was on groundfish production, principally cod, a number of plants were engaged in the processing of pelagic and shellfish species. In the majority of cases, pelagics and shellfish processing was integrated with groundfish processing.

The high value of fish products produced in 1986 indicated that fish processors enjoyed an excellent year; this was enhanced as a result of the escalation of cod fillet and block prices beginning in June of 1986. By the end of 1986 the price of cod fillet and cod block had increased to $3.08 and $2.15 per pound, respectively. This increase in price can be attributed largely to an increase in the demand for Newfoundland fish products in the U.S. marketplace. Other factors such as gains in personal income and favourable exchange rates also contributed to the increase in fish prices.

Saltfish, despite its decline in recent years, continued to remain an important part of the processing sector in 1986 with 38 saltfish processing plants registered throughout the Province. An improved fishery along the Labrador coast resulted in a substantial increase in saltfish production. This was a major contributor to the profitable year for the Canadian Saltfish

Corporation. To reflect this success, the Corporation was able pay bonuses to fishermen.

The total value of seafood production in Newfoundland during 1986 was approximately $750 million; more than 90% of which was exported. Approximately 77% of our seafood export went to the U.S. market.

Figure 1 presents an overview of the Newfoundland and Labrador fishery in 1986.

HARVESTING

Number of Licenced Commercial Fisherman

Full Time	13,424
Part Time	13,663
Total	27,087

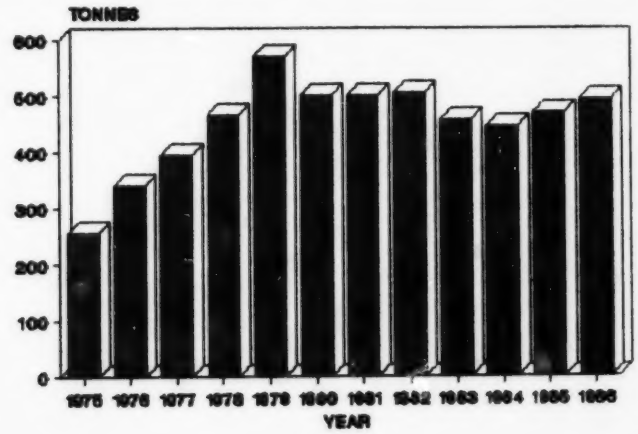
Landings & Landed Value by Species

	Quantity (MT)	Value ($)
Groundfish	384,130	138,106,000
Pelagics	92,335	29,658,000
Shellfish	17,380	29,817,000

Number of Fishing Vessels

Inshore (under 65')	15,612
Offshore (65' +)	93
	15,705

TOTAL FISH LANDINGS (VOLUME)
NEWFOUNDLAND AND LABRADOR 1975 - 1986



PROCESSING

Employment in the Processing Sector (Person Years)

Average	Peak
9,500	15,000

Number of Processing Plants

Inshore	207
Offshore	14
Total	221

Total Product Value $750 million (Approx.)

MARKETING

Value of Fish Exports (excluding exports to Canada) $556,700,000.

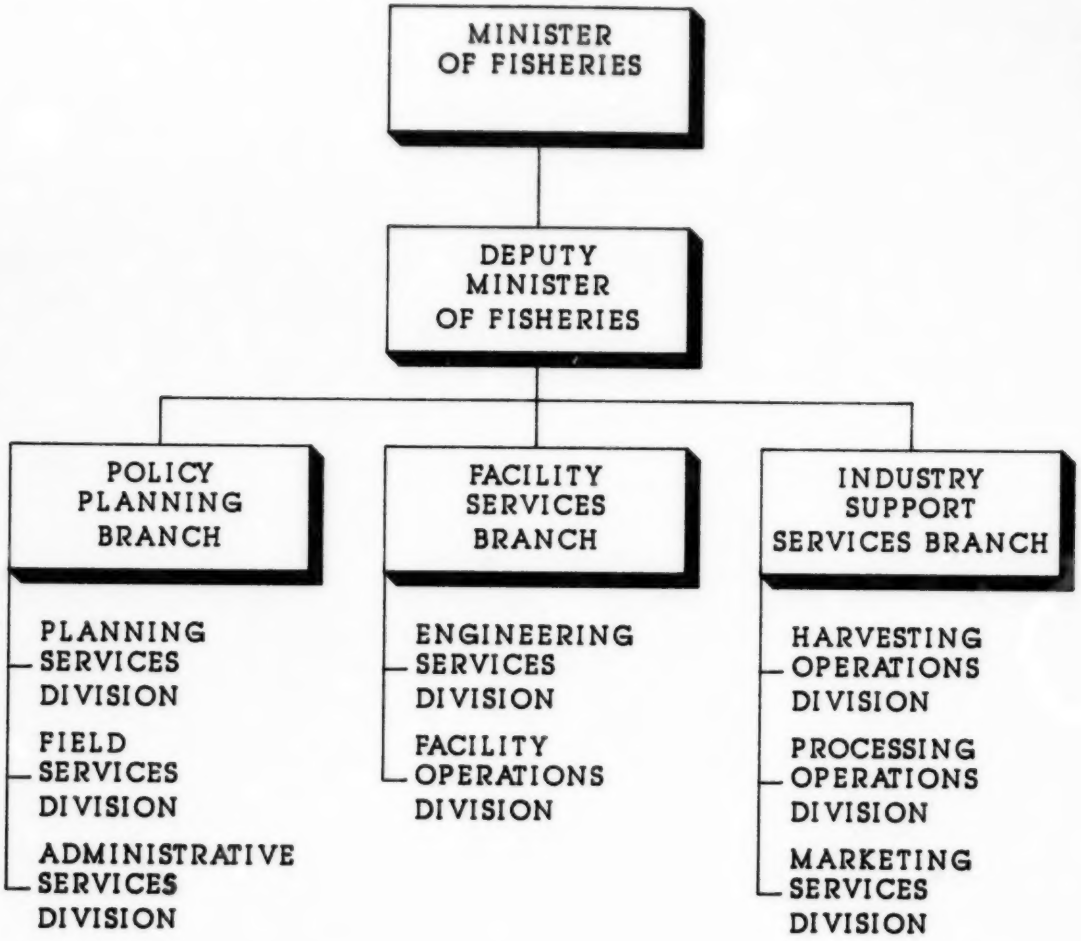
Value of Fish Exports to U.S. $422,365,000.

Fig. 1: Overview of the Newfoundland & Labrador Fishery-1986

2.0 DEPARTMENT OF FISHERIES ORGANIZATIONAL STRUCTURE

The Department of Fisheries is organized according to three branches: the Policy Planning Branch, the Facility Services Branch, and the Industry Support Services Branch. Each branch is subdivided according to individual divisions. The Policy Planning Branch is composed of the Planning Services Division, the Field Services Division, and the Administrative Services Division. The Facility Services Branch is made up of the Engineering Services Division and the Facility Operations Division. Finally, the Industry Support Services Branch is subdivided into the Harvesting Operations Division, the Processing Operations Division and the Marketing Services Division. A generalized organization chart is shown in Figure 2.

FIGURE 2: DEPARTMENT OF FISHERIES ORGANIZATIONAL STRUCTURE



POLICY PLANNING BRANCH

Planning Services Division
Field Services Division
Administrative Services Division

3.0 POLICY PLANNING BRANCH

3.1 PLANNING SERVICES DIVISION

The Planning Services Division, in a support role to the Department's Senior Executive, has a number of specific responsibilities within the Department. These include: policy review and analysis, program evaluation, economic and financial analyses, trade consultation, public relations and electronic data processing.

As part of policy review and analysis, the Division ensures that the Department's policies are relevant to the needs of the Province's fishing industry. Existing policies are reviewed and, where necessary, changed to reflect changing conditions within the industry. Policy review encompasses many elements of the fishing industry and includes such topics as resource management, bilateral trade negotiations, and fisheries planning.

With respect to program review, the Division works with other divisions within the Department -and with industry- to evaluate ongoing programs to ensure the Department's programs meet the needs of the Newfoundland fishing industry. Where necessary, out-dated programs are replaced and new ones developed.

The Division conducts economic and financial analysis on a variety of proposals submitted to the Department for consideration. These may originate from the other levels of government, development groups or associations, or from new or existing participants within the fishing industry. By providing an understanding of the economic or financial implications of a specific proposal (or issue), these evaluations serve to assist with the decision process. Examples of these types of evaluations include: requests to contribute to specific business ventures;

the economic repercussions of a pending policy change; and the economic efficiency of Departmental programs.

The Division is also responsible for the public relations aspects of the Department. This involves not only the dissemination of information about the Department's policies and programs but also the provision of information concerning the Newfoundland fishing industry in general.

The Division is also responsible for the Loan Guarantee Program. This program has been designed to provide short term working capital to fish processing plants experiencing economic difficulties as a result of instability with respect to resource supply and market demand. The aim of the Program is to assist companies achieve econonic stability; in doing so, it serves to preserve and enhance employment within the fishing industry.

During 1986-87 the Division participated in a wide variety of activities. The more significant activities have included:

-- Assisted other divisions within the Department with financial matters, such as the financing arrangements for the Department's middle distance vessels and activities associated with the Northern Labrador plants;

-- Participated in the Federal/Provincial Atlantic Salmon Working Group to develop a long-term management strategy for Atlantic Salmon;

-- Represented the Department on a number of Fishing Industry Advisory Committees to develop resource management plans; the most comprehensive being the Groundfish Management Plan;

-- Represented the Department on environmental issues relating to Fisheries, such as the Freshwater Bay Supply Base Study and the Herbicide Spray Program;

- Developed a Memorandum of Understanding (MOU) with the Provincial Petroleum Directorate reflecting the Department's concerns and role in offshore oil development and its impact upon fisheries;

-- Reviewed scientific advice provided by the Department of Fisheries and Oceans (DFO) and provided analysis to the Department with regard to resource issues and implications;

-- Reviewed loan guarantee requests and monitored the performance of companies with loan guarantees;

-- Co-ordinated a wide variety of activities associated with information dissemination, storage and retrieval. This included such items as: the provision of statistical information to the fishing industry and the general public; liason with the media; co-ordination of the Department's advertising and promotion campaign; and the design and operation of the Department's Management Information System;

-- The Division played the lead role in the Province's defense against U.S. countervailing petitions seeking to impose increased duties on the import of Canadian fish products;

-- Evaluated the Department's Marine Service Centre Program;

-- Participated in the review of applications under the Canadian Job Development Strategy.

3.2 FIELD SERVICES DIVISION

The primary role of the Field Services Division is to act as a liason between the fishing industry and government. As such, the Division keeps fishermen, processors and plant workers informed of government's fisheries related activities. Through this liason valuable feedback is obtained which is used to ensure development and management decisions are made relative to the needs and priorities of the industry.

Through a system of seven regional offices and field representatives, the Division provides a service to the fishing industry in general, and to fishermen and processors in particular; the primary objective being to acquaint them with departmental programs, projects, and regulations. The Division collects and disseminates a wide range of technical information, conducts field studies, and identifies and interprets trends in the fishing industry.

Also, because their activities are concentrated at the local or regional level, the Division provides a support service to all divisions of the Department as well as to the Fisheries Loan Board and to the Fishing Industry Advisory Board.

More specific activities of the Fisheries field staff include:

-- planning, with input from fishermen's committees, the construction of new or additional fish handling facilities;

-- meeting with fishermen to deal with local fisheries matters and problems associated with the industry;

-- representing the Department on regional fisheries advisory and zonal management committees; and

-- informing the Department on fisheries related matters in all regions of the province.

One of the important responsibilities of the Field Services Division is the administration of the Inshore Fish Distribution Program. This Program is designed to alleviate the problems associated with glut periods at local fish plants caused by the natural inshore migration of cod during the summer months. During this period, Department of Fisheries field staff maintain a close liaison with fish processors and fishermen's committees in a joint effort to match over-supplies of raw fish with **under-utilized processing capacity.**

Apart from their day to day duties, Fisheries Field Staff also play a significant public relations role through their participation in local meetings, career days, exhibitions and fairs.

The seven regional field offices are located at:

1. **Port Saunders:** Trout River, Bonne Bay to Beaches, White Bay, including the Straits of Belle Isle, south of Red Bay

2. **Gander:** Purbeck's Cove, White Bay to Clarke's Head, Gander Bay, including Fogo Island

3. **Bonavista:** Main Point, Gander Bay to Chapel Arm, Trinity Bay

4. **Harbour Grace:** Dildo, Trinity Bay to Long Harbour, Placentia Bay

5. **Grand Bank:** Fairhaven, Placentia Bay to Mccallum, Hermitage Bay

6. **Port aux Basques:** Francois, Hermitage Bay to Cox's Cove, Bay of Islands

7. **Happy Valley/Goose Bay:** Coastal Labrador, from Cape Chidley to Henley Harbour

3.3 ADMINISTRATIVE SERVICES DIVISION

The primary mandate of the Administrative Services Division is to provide financial and personnel management services to the Department. Specifically, the Division:

- develops and maintains appropriate accounting systems to facilitate all financial transactions of the Department;

- co-ordinates all Departmental interaction with Treasury Board on budgetary and staffing matters, including preparation of the annual and interim budget;

- co-ordinates Departmental interaction with the Public Service Commission on staffing matters including staff training; and

- maintains the Departmental records registry.

FACILITY SERVICES BRANCH

Engineering Services Division
Facility Operations Division

4.0 FACILITY SERVICES BRANCH

4.1 ENGINEERING SERVICES DIVISION

The Engineering Services Division is responsible for the provision of engineering services for the design, construction, operation and maintenance of fisheries infrastructure located throughout the Province. The 1986 capital budget for the Division was $6,106,000 and is itemized as follows:

Marine Service Centres	$ 3,040,000
Fish Handling Facilities	1,235,000
Baited Trawl and Cooling Facilities	358,000
General Fisheries Facilities	450,000
Fisheries Access Roads	200,000
Professional Services	300,000
Extension of Electrical Services	173,000
Grants	350,000
TOTAL	$ 6,106,000

The Division also administers a Maintenance and Repair Operations budget of approximately $400,000.

Some of the larger projects budgeted for 1986-87 were:

Smokey: Fishermen's Centre	$ 900,000
La Scie: Community Stage	155,000
Change Islands: New Roof	90,000
Port aux Choix: New Cradle	122,000
Port aux Choix: Haulout Upgrading	147,000
Harbour Grace: M.S.C. Wharf Extension	860,000
Green Bay: M.S.C. Building Completion	1,500,000
Green Bay: M.S.C. Paving	730,000
Harbour Grace: 150 Ton Straddle Crane	610,000
Fairhaven: Repairs to Community Stage	60,000

The Division carried out a total of 102 capital works projects, and 91 maintenance and repair projects. Also, 105 grants were issued to various fisheries related groups and contracts for professional services were issued to 42 firms.

The Capital projects consisted mainly of construction and upgrading of Marine Service Centres (MSC), fish handling facilities, baited trawl and ice making facilities. Other projects included the construction of fisheries access roads leading to fishing facilities; and the installation of three phase power in processing facilities. The latter is cost-shared with the fish plant owner on a 50/50 or 72/25 basis, depending on the total cost of the powerline.

Grants were provided to organizations such as fishermen's committees, and regional development associations to assist in the purchase of material and special services for the construction of fisheries facilities. These grants were normally provided after committees had obtained the main funding from other sources such as Canada Works. The average value of each grant was approximately $3,000 and did not include any funding for labour.

4.2 FACILITY SERVICES BRANCH

The Facility Services Branch has responsibility for activities such as: the Marine Service Centre Program; and the operation, maintenance and leasing of government owned fisheries facilities within the Province, the Northern Labrador Fish Plants and the Labrador Barge.

The Marine Service Centre Program was expanded to include twenty (20) centres, divided into four (4) distinct regions; each region is managed by a regional supervisor. Table 1 provides an

overview of each region along with statistical information on the facilities contained in each community.

The following summarizes the major activities of the Facility Services Division during 1986:

-- The Port aux Choix Marine Haulout underwent major reconstruction and upgrading work during the summer and fall of 1986. The first vessel was hauled out in October and operation continued uninterrupted until December. In December, the M/V Seacraft slipped on the cradle damaging both the cradle and the boat. As a result the facility became inoperable and had to be repaired in the spring of 1987.

-- The Harbour Grace MSC underwent construction of a new basin for a 150 ton crane; the crane was operational in 1987.

-- The Triton M.S.C. was completed in 1986 and the new shed was ready to accept boats in July of that year. Business at the site has run smoothly with only a few problems being experienced.

-- Labrador Barge went into operation in mid-June. Total revenues were $24,430. The barge operated well all summer with very little trouble.

-- The Division operated 271 fisheries facilities. In addition to the marine service centres, they include regional ice plants, baited trawl units, fish plants, community stages and slipways. Table 2 lists the number, type and value of facilities operated by the Facility Services Division.

M.S.C.	Ice Making Capacity	Lift Capacity	Storage Capacity	1986 Storage	Total Revenues
Northern Region					
Cartwright	N/A	60 Ton	15	12	$ 15,712.19
L'anse au Diable	N/A	50 Ton	55	50	21,671.79
Flowers Cove	N/A	50 Ton	80	52	36,596.93
Englee	N/A	50 Ton	70	72	42,967.46
Port Saunders	45 Tons	70 Ton	150	73	181,457.70
Port au Choix (Railway Haulout)		150 Ton	N/A	N/A	1,505.10
Eastern Region					
Durrell	30 Tons	50 Ton	120	82	$ 62,900.97
Fogo Island	N/A	50 Ton	70	56	30,288.94
Wesleyville	N/A	50 Ton	32	31	28,706.05
Bonavista	30 Tons	70 Ton	64	64	53,578.00
Harbour Breton	N/A	50 Ton	21	13	11,859.29
Avalon Region					
Old Perlican	30 Tons	50 Ton	62	62	$ 37,226.58
Harbour Grace	N/A	70 Ton	90	82	44,002.05
Port De Grave	N/A	N/A	N/A	N/A	5,162.35
Admirals Beach	N/A	50 Ton	35	28	20,005.23
Southport (Railway Haulout)		50 Ton	N/A	N/A	1,248.35
Hearts Content (Railway Haulout)		50 Ton	N/A	N/A	1,441.37
Southern Harbour	N/A	50 Ton	100	40	19,638.08
Southwest Region					
Isle aux Morts	N/A	100/50 Ton	48	49	$ 68,284.22
Burgeo	N/A	50 Ton	0	0	4,521.25
Bonne Bay	N/A	50 Ton	65	31	15,372.61
La Scie	N/A	50 Ton	35	30	46,862.49
Triton	N/A	150 Ton	85	46	27,263.50
Total	135 ton/day	N/A	1186	873	$ 775,582.78
Labrador Barge - sale of goods and services					$ 29,073.18
			Grand Total		$ 804,655.96

Table 1: Marine Service Centre Program Overview - 1986

NUMBER	TYPE OF FACILITY	VALUE
20	Marine Service Centres	$20,575,000.00
4	Regional Ice Plants	$ 1,475,000.00
56	Baited Trawl Units	$ 1,594,000.00
49	Fish Plants	$ 6,087,100.00
88	Community Stages	$ 3,739,300.00
38	Slipways	$ 422,500.00
4	Marine Haulouts	$ 195,000.00
7	Gear Sheds	$ 195,000.00
5	Misc.	$ 2,145,000.00
271	TOTAL	$36,427,900.00

Table 2: Marine Facilities Operated by the Facility Services Division

-- As of December 31, 1986, the Department had sixty-six facilities leased to the private sector. As a result of a review of lease rates, rates increased to $1.00 per square foot for buildings used to buy/hold fish; and for buildings used for processing, to $1.50 per square foot or $2.00 per square foot depending on the building services available (ie. refrigeration, water supply and associated equipment).

-- Four facilities were disposed of during 1986: Joe Batts Arm was sold outright to the Fogo Island Co-operative; Sandy Cove was transferred to White Fisheries on a 5 year lease/purchase arrangement; and Conche was also transferred on a 5 year lease/purchase to E.J. Green & Co. Ltd.

-- The Division operated the Department's five Northern Labrador Fish Plants. The Plants are located at Nain, Makkovik, Hopedale, Postville and Davis Inlet.

INDUSTRY SUPPORT SERVICES BRANCH

Harvesting Operations Division
Processing Operations Division
Marketing Services Division

5.0 INDUSTRY SUPPORT SERVICES BRANCH

5.1 HARVESTING OPERATIONS DIVISION

The Harvesting Division has responsibility for activities related to: aquaculture, resource development, vessel design and development, the middle distance fishery; and fish harvesting technology.

AQUACULTURE

In 1986, the Department of Fisheries continued its active involvement with the development of finfish and shellfish aquaculture in Newfoundland, with emphasis directed to salmon and mussels. Salmon smolt from the Exploits River system were successfully overwintered in sea cages at Bay D'Espoir and an additional 1000 smolt from the Exploits River were transferred to Bay D'Espoir in June. Significant growth rates were achieved from both groups of salmon during the summer and fall period until December when the cages were frozen into the ice.

At Holyrood Pond, 117 salmon were overwintered successfully from the 1985 smolt in the onshore tank, utilizing water pumped from 10 m depth in the Pond. In June, an additional 738 smolt from the Exploits River system were placed in the tank. Good growth rates were achieved in the following months. The installation of three (3) new intakes at 10 m, 20 m, and 30 m allowed the operation to access water from different temperature regimes to promote the best possible growth rates with the salmon.

Interest in mussel culture has been quite substantial over the past year. The remainder of the experimental spat collecting kits were distributed in 1986. There are in excess of 70 individuals evaluating potential sites, 53 of which have been outfitted under the Department's Mussel Culture Incentive Program. Contact has been made with all concerned and the

progress made in some areas has been encouraging. Staff members will continue to monitor these projects and provide technical assistance.

Potential to culture scallops is still being investigated and financial support has been provided to the Marine Sciences Research Laboratory to establish a scallop hatchery. A new loop cord will be tested this year which has had considerable success in field trials conducted in Japan.

The Department was also involved with a cod farming project at Bay Bulls, arctic char culture, and worked with the commerical rainbow trout farm in Trinity Bay, providing technical advice and assistance where requested.

RESOURCE DEVELOPMENT

EELS: Technical assistance was given to fishermen in Bonavista, Green Bay, Trinity Bay, and Fortune Bay, as well as Bay D'Espoir, to become involved in the eel fishery. In 1986, landings doubled to over 160,000 lbs. and the price ranged from $1.20 to $1.50 per pound for Silver eels. At the Department's invitation, a Swedish eel broker came to Newfoundland and discussed markets, handling, and grading of eels with east coast processors. There has been a great increase in the Province's eel fishery as a result of incresed market demand and low catches in Europe.

SMELT: Two smelt traps were built but were not utilized due to the lateness of construction and extremely poor weather conditions on the Northern Peninsula. The test marketing of fresh frozen smelt from Lake Melville resulted in a very positive response with price quotes from $1.00 - $1.25 U.S./lb.

SCALLOP: A contract with a value of $20,000.00 was awarded to a St. Lunaire longliner operator to conduct a scallop resource survey from Conche to Cape Bauld. Overall results were poor and only a small scale operation would likely be feasible.

CLAMS: Clam resource surveys were carried out at Little Barasway, Burgeo, and Flat Bay (St. George's Bay). Only Little Barasway had commercial quantities of clams. Technical assistance and liaison with federal agencies on behalf of the proponents was extended to facilitate fishery development.

LUMPFISH: Lumpnets were purchased and distributed to Fishermen on the Avalon Peninsula. The fishery proved to be very beneficial with some fishermen catching up to 70 lbs. of roe per day per net. The fishery now appears to be well established on the Avalon with fish companies supplying some of the gear used in this fishery. A grant of $5,000.00 was awarded to N.D.B. Fisheries for Lumpnets to help in their assessment of the fishery on the Southern Labrador Coast. The outcome was marginal with small numbers in some locations in Pinsents Arm, Capelin Bay and Williams Harbour.

VESSEL DEVELOPMENT

Vessel Design Services

This is an ongoing project, designed to supply technical information and assistance to fishermen in selecting appropriate vessel designs for different fishing operations. Over the past few years the Department of Fisheries has developed a file of vessel designs ranging in sizes from 19 to 110 feet. The designs are made available upon request.

In 1984/85 the Department added three new designs to its file: two 45 foot wooden longliner/seiners, wheelhouse forward and wheelhouse aft arrangements; and a 50 foot wooden

longliner/gillnetter. In 1986/87 one new design for a 50 ft. fibreglass type vessel was added.

Vessel Fuel Efficiency Project

The objective of the Fuel Efficiency Project was to demonstrate to fishermen fuel efficient handling of their vessels. The project, cost shared with the Federal government, involved the installation of 10 speed log/fuel meter systems on a number of different types of vessels. In general, the skippers involved in the project are very acceptable to the use of the systems. In most cases the meters have proven beneficial in demonstrating fuel savings by using proper throttle control.

MIDDLE DISTANCE PROGRAM

The middle distance program began in 1982 when the Department purchased the Glen Clova, now named the Grand Banker, for experimental fishing in areas 2J, 3KL and 3NO using long lines and gill nets. The program was expanded in 1986 with the addition of the Hamilton Banker, a 30.5 meter Norwegian design long liner. Total landings of all species for both vessels in 1986 exceeded 3 million lbs. and was valued at $1.4 million. Seventy-five percent of the total landings was cod fish. A third vessel, the Funk Island Banker, which was built at the Marystown Shipyard, will commence fishing in August of 1987; a fourth vessel, also under construction at the Marystown Yard, is scheduled for operation in January, 1988. Both of these vessels will be 33.5 meters long. The addition of the fourth vessel will represent completion of the new construction phase of the program.

FISH HARVESTING TECHNOLOGY

Kevlar Trawl - Inshore: Further to work done previously by the Department, a bottom trawl constructed of kevlar was constructed for commercial use in the winter fishery in the Port aux Basques area. Due to the loss of the vessel, trials had to be rescheduled for later in 1987.

Boxing Catch - Inshore Longliners, NE Coast: In order to promote the use of boxes and improve methods of onboard storage and discharge of fish, two inshore longliners were equipped with 300 boxes. Deck layout and fish hold modifications were made in order to develop an efficient system of onboard handling of fish boxes and ice. Due to the scarcity of fish, limited data was obtained and further work is planned for 1987/88.

Technical Assistance: The Department continues to offer technical support to the industry as well as financial assistance for specific proposals. Individual requests were considered on their own individual merit.

Lobster Pot/Cod Trap Parts Programs: In the event of loss of equipment due to storms, ice or whale damage, the Department assists fishermen by maintaining a bank of gear for sale. This gear is stored at several locations throughout the Province. Fishermen who have suffered a loss should contact their Regional Field Officer who will determine if they are eligible for assistance under this program.

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5.2 PROCESSING OPERATIONS DIVISION

The Processing Operations Division has two functions: (1) to regulate fish plants and fish buyers; and (2) to assist small and medium sized plants to develop, process and market high quality products efficiently.

(1) LICENSING AND INSPECTION

Licensing

A study of Departmental licensing policies and procedures was begun in 1987 and funded under the Canada-Newfoundland Planning Subsidiary Agreement. The objective of the Study is to develop a comprehensive outline of all policy options available to Government with respect to management of the Province's fish processing sector.

The Consultant contracted to carry out the work provided detailed recommendations to Government with respect to a management regime which will be most compatible with the needs/requirements of the fish processing industry. Following adoption of the most appropriate option, detailed policies and procedural guidelines will be developed to assist in implementing the policy, monitoring its application and evaluating its relevancy and effectiveness.

In 1986, a major policy was established with respect to groundfish processing licenses. This policy stated that "all groundfish species must be processed prior to export. For this purpose, processing is defined as (a) filleting, (b) splitting and salting, and (c) any other standardized process (acceptable to the Department) required to accommodate final market specifications." This policy was necessary to ensure maximization of labour in the local processing sector.

Also, the Fish Inspection Regulations were amended to have the expiry date based on the calendar year rather than on the fiscal year, as was previously in effect. This change was adopted to coincide with all other fisheries management systems and statistics.

Inspection

A Fish Monitoring Program was undertaken in 1986. The Program involved carrying out inspections at major marine terminals and airports throughout the Province to ensure that fish being exported complied with the Fish Inspection Act and Regulations. In particular, attention was paid to the export of unprocessed fish out of the Province. These activities were carried out in close co-operation with the Department of Fisheries and Oceans, which is responsible for the enforcement of the Provincial Fish Inspection Act.

The Inspection Section, in conjunction with the Department of Fisheries and Oceans, conducted ongoing inspections of processing plants and buying facilities to ensure that quality standards were maintained. Personnel also provided support to the Department's Quality Enhancement Program by conducting inspection and fish grading exercises on the Middle Distance Fleet.

A program was undertaken to assess the quality and variety of seafood products available to the Newfoundland and Labrador market. Following a Province-wide study on retail sales, the Department, in conjunction with Newfoundland and Labrador Institute of Fisheries and Marine Technology, conducted a retail seafood training progam. The objective of the Program was to train the supervisory personnel of fish marts and supermarkets in the selection, handling and marketing of seafood products. The response was sufficiently encouraging to prompt the Institute to schedule further seminars throughout 1987.

(2) PROCESSING

The Processing Section of the Processing Operations Division provides many forms of assistance available through the following programs:

Productivity Enhancement Program

The Department's Productivity Enhancement Program is directed toward the identification of productivity problems and the provision of technical and/or financial assistance for the solution of these problems.

As part of the Program two plants with Provincial Loan Guarantees were assessed during the months of January, February and March, 1987. Problems identified as common to both were: inefficient plant layout, outdated equipment, and inadequate management training. Recommendations for solutions were submitted along with a recommendation to assess other plants with loan guarantees; the objective being to improve their productivity.

Industrial Engineering and Technical Services Program

The objective of the Industrial Engineering and Technical Services Program is to improve plant productivity, quality, and yield through improvements provided by engineering and technical advice and designs. Several projects were undertaken under the program during 1986-87 these projects dealt with such topics as:

- High Protein Feed Production
- Fish Dryer Reconstruction (Andrew's Dryer)
- Parasite Detection and Destruction
- Incentive Processing System (Group Cutting Tables)
- Multi-Purpose Trimming Tables

Quality Enhancement Program

The purpose of the Quality Enhancement Program is to promote quality improvement to fishermen and fish processors; to investigate and solve quality problems; and to liaise with other government agencies and training organizations on quality matters.

In-Plant Quality Control Projects: A quality control program developed by the Newlantic Group was implemented in three groundfish processing plants. These comprehensive programs covered all aspects of quality in the plants' production areas and provided management with up to date, accurate reports of results.

Northern Labrador Quality Project: The Makkovik fish processing plant was given technical advice on how to improve quality and production for groundfish, salmon and char. Proper handling and processing techniques were demonstrated and quality problems were identified and corrected.

Quality Study - Southwest Coast Winter Fishery: This project was designed to measure the quality of fish caught on the Southwest Coast from February 23 to March 5, 1987. It was determined that the quality of this fish could be further improved by using improved bleeding, handling, and storage practices.

Secondary Processing and By-Product Development Program

As a complement to its ongoing product research and development activities, in 1986, the Department initiated the Secondary Processing and By-product Development Program. This new program is designed to expand secondary processing and by-product utilization within the Province. As a result of applications from fish processors, 13 projects began in the 1986/87 year with six additional research and development projects being initiated by the Department. The program provides financial and technical information as well as assistance to new and existing small to medium size processing operations. The projects undertaken were:

Secondary Products Development Study: This study was designed to assist with the identification of product development opportunities.

Mussel Marinating Line: The Department, in conjunction with the Department of Fisheries and Oceans, Development Branch, assisted a company in development of a mussel marinating line.

Male Capelin Fish Sauce/Semi-Dried Capelin: These projects have been undertaken as a product development activity to improve and increase the use and value of the capelin resource. The intended market for the fish sauce is the East Asian ethnic community in Ontario while the dried capelin will be marketed in ethnic grocery stores in both the U.S. and Canada.

New Seafood Entree Development: These projects, one for each of three companies, were designed to provide financial, technical and marketing assistance for the development, production and test marketing of several new seafood entrees.

Vacuum Packed Salt Cod Fillet: The Department provided financial assistance to a company for the development and production of a new saltfish product in vacuum packaged form.

New Saltfish Product Development: Similar to the previous project, this project was designed to increase the quantity and diversity of saltfish products, especially those in a secondary, value-added form.

Marinated Herring Product Development: This project, a direct result of the Secondary Products Development Study, was developed to assist a company in the development of a number of marinated herring products using recipes and formulations as developed by the Marine Institute.

Smoked Product Development: The Department provided financial assistance to a company to aid in the development of new packaging and labelling.

Technical Exchange Trip: The Department cost-shared a trip to West Germany by a Newfoundland company for technology transfer purposes applicable to its processing requirements.

Department Product Research and Development Projects

Institution Pack Development: This project was intitiated to determine the extent of the local market for bulk seafood entrees. Product samples were market tested to brokers and institutions in the Toronto market.

Cod Roe/Liver Studies: The purpose of these studies was to determine yields and quality of roe and liver in order to identify the best time to process this raw material. Projects were conducted during the winter fishery on the southwest coast and the summer fishery on the northeast coast.

Saltfish Product Development: The Department provided technical and financial assistance to this project undertaken jointly with the Marine Institute, Canadian Saltfish Corporation and DFO. The purpose of the project was to add value to and improve market acceptability of small and extra small saltfish by developing them into secondary products.

Filletoni and Pickled Fish Production: The objective of this project was to produce samples of filletoni and whole pickled split fish for the Italian market. The production costs for these products were assessed and product samples were prepared and shipped to the market for analysis.

Lumproe Caviar Product Development: The purpose of this subject was to refine the process for producing lumpfish roe caviar, carry out necessary market analysis, then train and encourage processors to commence pilot-scale processing. This R & D project was undertaken by the Marine Institute.

Surimi Product Development: The Department provided financial assistance for the purchase of a mini-surimi processing line at the Marine Institute and for further R & D work. The program will continue into next year and will concentrate on refining work that has been investigated over the past year.

5.3 MARKETING SERVICES DIVISION

In 1986-87, the Marketing Services Division provided the fishing industry with assistance in the area of market development and product promotion. The Division also co-ordinated the activities relating to the Province's commitment to revitalization of the Sealing Industry. Finally, as part of their ongoing activities, the Diviision maintained a profile of developments in existing and potential markets.

The Division has four programs to help it achieve its mandate: the Market Development Program, the Seafood Promotions and Trade Show Program, the Fisheries Marketing Assistance Program, and the Seafood Donations Program.

The Market Development Program

During 1986-87, this Program, in the form of grants and subsidies, was directed primarily towards developing markets for seal products and underutilized species. The major activities completed under the Program in 1986/87 were:

- Grants totalling $70,000 were made to the Canadian Sealers Association (CSA) to assist them in their efforts to revitalize the sealing industry. In addition to working with the CSA on various Government/Industry committees, the Division assisted in the co-ordination of seal product and market development work. Funding was provided for administrative work as well as market revitalization activities in Halifax, Montreal, Ottawa, Toronto, Vancouver, Hong Kong and Taiwan.

- Grants totalling $26,000 were provided to the Northeast Coast Sealers Co-operative Society Limited to assist it in offsetting extraordinary costs associated with storing and

transporting seal products. Some funding was provided to help offset the travel costs associated with new product and market development for seal products. The Province also provided a $200,000 deficiency loan guarantee to the Co-op to help with its first year of operation.

- The Department worked closely with industry participants in devising a strategy to implement the 45 recommendations of the Malouf Royal Commission on Seals and Sealing in Canada.

- As part of the Province's commitment to maximizing returns on underutilized fish species, activities were undertaken to increase the amount of fish in Canada's food aid basket. To this end, grants totaling $30,000 were made to the Fish Aid Development Agency (FADA). The goal of this agency is to help alleviate world hunger by sending species such as mackerel, herring and male capelin into Third World countries as food aid. Distribution is achieved through the Canadian International Development Agency (CIDA). The Department further assisted these efforts by providing fish for nutritional studies and by participating with FADA in discussions with CIDA, Canada Employment and Immigration and Non-Governmental Organizations (NGO's) involved in food aid.

The Seafood Promotions and Trade Show Program

As part of the Division's activities with respect to the Seafood Promotions and Trade Show Program, several activities were carried out in 1986/87:

- The Department, in conjunction with the Department of Development and Tourism, continued its logistical support to Seafood Processors who wished to participate in industry trade shows. Pre-show and on-site services were provided for

events in Montreal, Toronto, Boston, Los Angeles, New York, Vancouver and Hong Kong.

- A new Complete Guide to the Newfoundland Fishery was produced as a promotional material support service to the fishing industry. The Guide contains four inserts: a seafood processors directory, a species booklet, a brochure illustrating the Province's distibution links to the world markets, and a brochure addressing the uniqueness of the Province's fishery.

- The Division provided support for joint seafood promotions with the Delta Inns in Toronto and the Mayfield Inn in Edmonton.

- Working in conjunction with the Seafood Advisory Council, the Province supported seafood promotion through participation in November Fish and Seafood Month Activities.

The Fisheries Marketing Assistance Program

In line with the Department's policy of providing assistance to offset the costs of participating in international seafood shows and exhibitions, grants were provided to a total of fifteen companies to attend seafood shows in Boston, New York and Los Angeles.

The Seafood Donations Program

Donations of seafood, for promotional purposes, were provided to National and International Groups participating in or hosting national events.